

May 1, 2002

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne Brathwaite Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: David E. Janssen  
Chief Administrative Officer

**REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES -- CITY CENTER  
REDEVELOPMENT PROJECT (FIRST AND SECOND DISTRICTS)**

On April 5, 2002, I sent your Board a routine memorandum regarding the Preliminary Report issued by the Community Redevelopment Agency of the City of Los Angeles on the proposed City Center Project. This memorandum is to advise you of the status of this project. As we informed you in the April 5 memorandum, the City of Los Angeles is proposing to detach parcels from the existing Central Business District (CBD) Project, which recently reached its lifetime cap, and form a new project.

Based on an expedited examination, my office determined that a majority of the proposed project area generally reflects blighting conditions consistent with legal requirements. However, the Agency has included approximately 30 acres of surface parking lots adjacent to Staples Center in the project area. Redevelopment law allows for the inclusion of non-blighted parcels only if the Agency substantiates that the non-blighted parcels are "necessary" for the effective redevelopment of the project area, and not for the purpose of obtaining tax increment revenue.

The parking lots adjacent to Staples Center have been approved by the City Council as the site of the proposed Los Angeles Sports and Entertainment District Project, a \$1 billion project including a 1,200 room convention center headquarters hotel; a 7,000-seat theater; 1.1 million square feet of retail, entertainment, and restaurants; a second 600-room hotel; and 800 residential units. My office has estimated the loss to the County of including the \$1 billion Sports and Entertainment District in the redevelopment project at approximately \$278 million over 45 years.

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Based on a study done for the County by the Sedway Group, and an analysis of available information and research on the topic, this office does not believe that including the Sports and Entertainment District Project into the City Center Project is necessary for the revitalization of Downtown Los Angeles. It will, however, produce significant property tax revenues, facilitating public subsidy of the proposed convention center hotel.

Staff from my office met with Agency staff, but were not able to reach a satisfactory resolution of our concerns. Therefore, in order to preserve your Board's options in determining a potential course of action, we are proceeding to file a Statement of Objections with the City consistent with their public hearing on this project on May 1, 2002. After presentation of our Objections, the City will be required to respond to the points raised. Should this process not lead to resolution of our concerns, your Board may wish to consider litigation. Failure to voice opposition at the hearing would preclude the County from legally challenging the proposed project at a later date. Your Board is being separately copied on the Statement of Objections.

The Statement of Objections addresses two points:

- First, the detachment of acreage from the old CDB Project in order to establish new redevelopment projects is a violation of the court-imposed cap of the CBD Project.
- Second, the Agency has not demonstrated that the inclusion of the non-blighted parcels is necessary for the effective development of the entire project area.

If you have any questions at this time, please call me, or your staff may call Robert Moran of my office at (213) 974-1130.

DEJ:LS  
MKZ:RTM:os

c: County Counsel  
Auditor-Controller